

BEFORE THE ARIZONA CORPORATION CONTINUOUS

2	KRISTIN K. MAYES Chairman Arizona Corporation Commission
3	GARY PIERCE DOCKETED
4	PAUL NEWMAN DEC 10 2010
5	SANDRA D. KENNEDY Commissioner DOCKETED BY
6	BOB STUMP NE
7	Commissioner
8	IN THE MATTER OF THE APPLICATION) DOCKET NO. T-04290A-10-0396 OF CCG COMMUNICATIONS, LLC FOR 72027
9	APPROVAL TO PLEDGE OR ENCUMBER \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
10	ASSETS ORDER
11	<u> </u>
12	Open Meeting Nevember 22 and 23 2010
13	November 22 and 23, 2010 Phoenix, Arizona
14	BY THE COMMISSION:

FINDINGS OF FACT

- 1. On September 27, 2010, CCG Communications, LLC ("CCG") filed an application for approval to pledge or encumber assets in connection with a new loan transaction.
- 2. The parent of CCG, Light Tower Holdings, LLC ("Light Tower"), represents in its application its intention to enter into a loan transaction with GE Capital Markets, Inc. and SunTrust Robinson Humphrey Inc. The loan transaction will provide for senior secured facilities comprised of a term loan and a revolving credit facility. Funds from the loan transaction will be used to pay off prior indebtedness and finance Light Tower's acquisition of Lexent, Inc., a Delaware Corporation, which does not conduct business in Arizona. As part of the loan transaction, CCG will pledge its assets as security. The proposed transaction is a financing application by a competitive local exchange carrier ("CLEC") that will encumber assets.
- 3. In response to a Staff email data request, CCG stated that prepaid funds and deposits for Arizona customers will not be encumbered.

- 4. CCG published its notice financing application in the Arizona Republic on October 25, 2010. The corresponding affidavit was filed in Docket Control on October 28, 2010.
- 5. CCG was found to be in Good Standing and in Compliance by the Consumer Services and Compliance Sections of the Commission.
- 6. Arizona Revised Statute ("A.R.S.") § 40-285 requires public service corporations to obtain Commission authorization to encumber certain utility assets. The statute serves to protect captive customers from a utility's act to dispose of any of its assets that are necessary for the provision of service; thus, it serves to preempt any service impairment due to disposal of assets essential for providing service.
- 7. Staff concludes that a pledge of the Applicants' assets would not impair the availability of service to customers since the Applicant provides competitive services that are available from alternative service providers.
- 8. Based on its analysis of the proposed transaction, Staff concludes that the transaction would not impair the financial status of the Company, would not impair its ability to attract capital, nor would it impair the ability of the Company to provide safe, reasonable, and adequate service. Staff, therefore, recommends that the Commission approve the Applicants' request to encumber their Arizona assets as described in their application.
- 9. Customers may still have exposure to losses to the extent they have prepaid for service or made deposits, therefore, Staff recommends approval of the application subject to the condition that all customer deposits and prepayments be excluded from encumbrance and equivalent amounts be retained by the Applicants.
- 10. Staff further recommends that one copy of the executed security documents be filed with Docket Control, as a compliance item in this matter, within 90 days of the execution of any financing transaction authorized herein.

CONCLUSIONS OF LAW

1. The Applicant is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. § 40-285.

28

The Commission has jurisdiction over the Applicant and the subject matter in this 1 2. 2 filing. The Commission, having reviewed the filing and Staff's Memorandum dated 3. 3 November 9, 2010, concludes that it is in the public interest to approve the application, as 4 5 discussed herein. **ORDER** 6 IT IS THEREFORE ORDERED that the application of CCG Communications, LLC to 7 pledge or encumber assets in connection with a new loan application, be and hereby is approved, 8 as discussed herein. 9 IT IS FURTHER ORDERED that CCG Communications, LLC be and hereby is authorized 10 to engage in any transactions and to execute any documents necessary to effectuate the 11 12 authorizations granted. IT IS FURTHER ORDERED that all customer deposits and prepayments shall be excluded 13 from encumbrance and equivalent amounts shall be retained by CCG Communications, LLC. 14 15 16 17 18 19 20 21 22 23 24 25 26

Decision No. 72027

28

SERVICE LIST FOR: CCG Communications, LLC 1 DOCKET NO. T-04290A-10-0396 2 3 Mr. Michael T. Hallam Lewis and Roca LLP 4 40 North Central Avenue Phoenix, Arizona 85004 5 6 Mr. David Mayer General Counsel 7 Lightower Fiber Networks 80 Central Street 8 Boxborough, Massachusetts 01719 9 Mr. Steven M. Olea 10 Director, Utilities Division Arizona Corporation Commission 11 1200 West Washington Street Phoenix, Arizona 85007 12 13 Ms. Janice M. Alward Chief Counsel, Legal Division 14 Arizona Corporation Commission 1200 West Washington Street 15 Phoenix, Arizona 85007 16 17 18 19 20 21 22 23 24 25 26

Decision No. __**72027**